

TRANSACTIONS
OF THE
COMMONWEALTH CLUB
OF CALIFORNIA

VOL. X

SAN FRANCISCO, MAY, 1915

No. 4

State Commission Markets

The object of the Commonwealth Club shall be to investigate and discuss problems affecting the welfare of the Commonwealth, and to aid in their solution.—Article II, Constitution.

The Commonwealth Club shall maintain itself in an impartial position as an open forum for the discussion of disputed questions.—Rule VI adopted by the Board of Governors, 1910.

SAN FRANCISCO, CALIFORNIA

1915

CONTENTS

	PAGE
STATE COMMISSION MARKETS	181-196
Meeting of April 15, 1915	181
Address by Hon. H. E. McPherson	181
Address by Charles W. Camm	187
Discussion by the Meeting	190-196
Remarks by W. V. Stafford	190, 194
Edward F. Adams	192
H. E. McPherson	194
C. M. Belshaw	195
Charles W. Camm	195

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VOL. X SAN FRANCISCO, MAY, 1915. No. 4

STATE COMMISSION MARKETS

At the Club meeting of April 14, 1915, discussion was had on Assembly Bill No. 318, providing for the creation of a State Commission Market. The purpose of the Act is described by its title as follows:

Assembly Bill No. 318, An Act to provide for the creation of the State Commission Market, and the organization thereof, to carry on the business of receiving from the producers thereof the agricultural, fishery, dairy and farm products of the State of California and selling and disposing of such products on commission, creating the "State Commission Market Fund" and appropriating money therefor.

The reasons for the adoption of the bill were presented by its author, Hon. H. E. McPherson, member of the Assembly from Santa Cruz.

The reasons against its adoption were presented by Charles W. Camm, a wholesale produce and provision merchant of San Francisco.

The presentation was followed by debate by members, after which the subject was referred to the Committee on Agriculture for further investigation.

Meeting of April 15, 1915

At the conclusion of the business meeting that followed the Club dinner of April 15, 1915, the members were called to order by T. D. Boardman, Chairman of the Executive Committee. After a brief statement of the subject—the State Commission Market bill—he introduced Hon. H. E. McPherson, of the State Legislature, who spoke as follows:

Address by Hon. H. E. McPherson

MR. MCPHERSON: Mr. Chairman, Members of the Commonwealth Club of California: I assure you that I consider it a great privilege and honor to be invited to speak before you. Your organization has an influence from one of the state to the other. Being in the newspaper business in Santa Cruz, we have received through your courtesy your

Comm. 21 July 6 McPherson

publications regularly, and they have been an inspiration to us; and looking at your work from our standpoint, I can see the influence that you have asserted throughout the state. We realize that you are doing a very great work.

I do not hesitate to speak to you, though, because of the subject which I have; which is a subject that is large enough to attract the attention of anybody.

The State Commission market, the creation of which my bill calls for, is to be presided over by a State Commission Market director to be appointed by the Governor, and to receive a salary of \$5,000 a year. He is to appoint all of the commission market employees that are under him according to civil service regulations. He is to establish branch markets wherever conditions justify, wherever there is a demand, and the business is to grow only as there is a demand. There is a small appropriation of \$25,000 provided for the installation of this proposition. It is meant that the State Commission Market be self-supporting; that in competing with private commission houses it will give them fair competition, without anything in its favor to make the competition other than fair. The idea is to regulate private commission houses in California, not by arbitrary fixed rules and regulations which work to a disadvantage very frequently, rather than to an advantage, but to regulate by competition with the state.

The idea is to take up the proposition in a very modest manner, to take up, for instance, the simpler farm products, such as eggs and chickens and butter and garden truck, to start the proposition on a simple scale, to establish certain principles, to test the plan in certain ways, and then, as time passes, if there is a demand, it will grow; like the seed of the acorn, it will grow into the oak, provided the soil is fertile and there is a place for it.

The State Accident Insurance Commission was established in California just a short time ago, and you all know of the general feeling at that time that private insurance companies would be ruined, and that here was the state doing that foolish thing of going into competition with private concerns that are backed by millions. What has been the result? The state insurance policies are but a small percentage of the insurance policies of California, a very small percentage, and yet all of the abuses of private insurance companies have to a large extent been cured, because of the fact that the private insurance company knew that if it did not come to time, if it did not meet the terms of the state insurance company, it would lose its business. The rates of compensation insurance have been reduced, and in many other ways has there been a general improvement.

That is the idea back of this State Commission Market. There is nothing revolutionary about it, no desire to go into the field and entirely absorb it and drive out private concerns; in other words, it is to go in there to save private concerns unto themselves.

And I want to say right here that from my investigations the commission men of this state are a high grade of men. Of course, there are those among them who are a blot on the name of the business in general, just as there are in every business; and I want to say in fairness to them that I am sure that they rank as high as the producers who send them their products and the consumers who buy their products. And I want that understood right here that in my remarks I am not throwing aspersions upon anyone.

The one thing for you to consider to start with is the statement from the Secretary of Agriculture in Washington that out of every dollar which you as consumers pay for your farm products fifty-four per cent goes to the middleman. Think of that. Forty-six per cent out of every dollar goes to the producer.

Now I think that you must agree with me as a starting point, that that is not good economical, scientific business. Fifty-four per cent is lost in transit, and with that thought I wish you to consider these propositions which I put before you.

The idea is to establish in practice the law of supply and demand. We do not want a small ring of buyers to get off into a room by themselves and arbitrarily fix a price and have that the price of the state. We want the natural scientific law of supply and demand to set the price in this state. With your private commission men their idea is not to work as for a philanthropic proposition, and think and plan for the interests of the producers, or for the interests of the consumer. They are working selfishly for their own interest, and the great people of this state are simply a secondary consideration. And if you had a state commission man, a director, who is serving under salary, who has no personal interest to serve by working to the disadvantage of the state in general, there would be a different aspect toward commission business.

A few years ago I attended the cheese market at Edam in Holland—where they sell those red round Edam cheeses. They were piled all over the public square. Each cheese producer had placed out his canvas and had made a pyramid of cheeses on it. There was a public auctioneer going about among those piles of cheese. Buyers came from London or Amsterdam or where not. They came from all sections; they met once a week. As they came to terms, the buyer and the seller, there was a public official to close the transaction, to pass the papers,

to see that the deposit was made, and there was a public weigher to make sure that the weight was correct. The public took the supervision of the cheese market at Edam, and that meant very largely the cheese market of Holland. The same thing occurs at Alkmar—those two cheese sections of Holland.

It was on that occasion that the idea struck me that here the natural law of supply and demand was working in its simple and perfect state, and surely it was something that at least we could give our attention to.

In my home county, Santa Cruz county, I saw last fall hundreds of acres of the finest apple trees, the best apples that are produced in the State of California, with the ground covered with this fruit, lying there to rot,—to rot for the reason only that the prohibitive cost of distribution prevented it from reaching the market.

That is the problem that we are to solve—how to overcome the waste that is brought about by the present conditions, where the private commission man has no other motive than making his own profit. The waste is not of his affair. He does not lose by it. If you have a State Commission Market and those apples are sent to it and are sold for some price, and the farmer gets something for his money, certainly he is better off, and certainly the consumer is better off; and, as I understand it, eighty per cent of our population are in the consumer class.

Take the city of San Francisco. To your great population of labor, toiling for their livelihood, the one primary thing of their life is food. Fifty-four per cent they have to pay to the middleman. If those apples, a perfect food, could have been brought to this market, and could have been sold for some price, surely the world would have been better off.

Now consider fish. I am speaking simply of the things in which I have personal knowledge and which caused me to introduce this bill. Monterey bay teems in fish of all kinds, and you people of San Francisco pay many prices for it. The hardy fishermen in my town go out upon the high seas and risk their lives and bring in the treasures of the deep. They send them to San Francisco to your fish trust. They get for sole and other choice fish about two cents a pound, three cents or four cents, or when the fish is scarce and the storm is on, five and six cents—fish for which you pay up to twenty cents a pound. The cost and the waste is in the distribution. Yes, you will admit that fish is thrown into San Francisco bay. Since I have been up in Sacramento I saw in your daily press of San Francisco, and it was not denied so far as I know, the statement that hundreds of boxes of fish were being dumped daily into San Francisco bay to keep up the price. Oh, yes, you say you have laws prohibiting a person destroying food; but the

facts are there. It is very easy to allow fish to be out in the sun for a few hours and to be spoiled, and then, of course, it is thrown into the bay. The one thing that I have in my mind is that the laws and regulations are hard to apply; but if there is competition, if there is a price fixed in that State Commission Market, the private commission man has got to take that price into consideration and be influenced thereby.

Now, to come close to my own experience. It happens that my father is one of the commissioners at Agnews Asylum. They use a great deal of fish there. It is a very valuable food for the patients—and hundreds of patients are there, kept at your expense as taxpayers of this state. Repeatedly has he gone to the fishermen of Santa Cruz and stated to them, “We would like to have a bid from you to buy fish direct for the patients of Agnews.” They said they would be delighted to have the opportunity to render a bid. Did they do so? They have never even sent in a bid. And, I believe, they do not dare. The fish trust of San Francisco would cut them off. They have to send that fish up here to San Francisco, and then it has got to go back to the State Asylum at Agnews, and at a fancy price. Those are the conditions in this state that you gentlemen, as members of a Club that is working for the best interests of this state, must bear in mind.

There is one thing particularly in this proposition that I wish to bring to your attention, and that is its information bureau. This bureau is to send out bulletins regularly; it is to tell the farmer where to send his goods, where they can go to prevent a glut on the market, at any particular spot at any particular time.

This market director is to give them instructions as to how to pack their goods so that they will be salable. He is to give them all such information which the private commission man has not the time or the patience or the equipment to provide. I believe that this one feature of the State Commission Market is enough to justify the passage of this bill. Many of the people of my county are small farmers. They have little home places tucked away in the Santa Cruz mountains—a few acres where they raise a little of this and a little of that. They are not in the class which ships goods in great quantities for a foreign market. Those small farmers are the people that I am interested in particularly, and there are such people all over the state. I do not claim that this state market is going to handle all the business or the large business; but I claim that those people are not in a condition really to protect themselves. They are at the mercy of the private commission men. They are a class of people who have no say whatever as to what their product shall sell for. They must simply send it to the market and trust to Providence that they will get a price that

will compensate them; but no matter what the return is, no matter what their product's disposition is, no matter what the result is, they must accept it. There are unscrupulous men in the commission business, as we will all agree there are in every position, and they send reports to these farmers as to the disposition, that there was so much spoiled, so many eggs broken, and this and that; yet often when a farmer is doing business on a big enough scale to go and investigate, he finds the reported conditions are not true. I am here in the interest of those who are small producers, who are not in a position to fight the sharp commission men who sometimes exploit them.

I want to say in closing that these people who have asked me to introduce this bill have a place in the world. They say to me, "We could make a living; we could pay off our mortgages; we could send our children to school; we could be prosperous and happy if only we got somewhere near a fair return for our goods. But when we send them, and when we receive, for instance, a red mark, a deficit, nothing, or when we are forced to allow them to rot upon the ground, we have reason to be discouraged." If we could only to some degree correct that fifty-four per cent of waste, then their lot would be that of peace and happiness, where now it is of strife and often of despair. They say to me, "The State of California has looked out for its people in many ways. They come here—inspectors, state officials, university experts—and they tell us how to fertilize our soil; they tell us how to raise bountiful crops; they tell us how to rid ourselves of pests; they tell us all these things. They protect us in this way and we appreciate it. But what value is it to us, if we raise a great and bountiful crop and then we cannot sell it—if we have to allow it to rot upon the ground while we are in need of food; if we have no return for that crop?"

This is what we need, namely, some better means of distribution. And you, the members of the Commonwealth Club of California, who represent that class in this state who do things, you who represent the educational circle, you who represent the business circle, and have gathered here in this Club with the idea and the purpose of doing something for mankind, something for your state in general, I charge you with the responsibility and with the duty, and I say also, with the great honor and privilege of looking into this question of the distribution of farm products. In that you have the greatest work which has ever been placed before you. I thank you. (Applause.)

THE PRESIDING OFFICER: Mr. McPherson certainly makes a very strong case for his people. We will hear a contrary view now from Mr. Charles W. Camm, of San Francisco.

Address by Charles W. Camm

MR. CAMM: The proponent of this bill stated that Assembly Bill No. 318 was prepared for the purpose of bringing to an end the exploitation of both the producer and consumer at the hands of the commission merchant.

I should like to say first of all that I am not a commission merchant. The firm of which I am a member has adopted the policy of purchasing all its goods outright, prices being based on market quotations on the day of receipt in this market. Our reason for having adopted this policy was because we found it impossible to please the producer when acting as his agent. When the market went up and he received a good price, he was satisfied, but when the market declined or when we went through one of those dull periods which we all encounter as business men, he was dissatisfied and claimed he had been mistreated.

I have had twenty-seven years of experience in the handling of dairy products, and I might say that seven years of these twenty-seven were spent on the outside part of it, in other words, shipping goods to this market, the last twenty being in the San Francisco market as a handler of goods. I have found that ninety-nine per cent of the things that I believed were true when viewed from a shipper's standpoint, were absolutely untrue; the much abused commission man has his troubles also.

The complaint is made that the producer is not paid enough for his products, and the commission merchant is accused of exploiting the consumer, with whom he does not even come in contact. If this is true the commission man is making an unlawful profit. Inasmuch as the state demands an accounting each year from each corporation, duly sworn to, I am of the opinion that if those who are interested in this legislation would investigate the profits that are made by the commission men, they would find them not at all what they now think they are.

The gentleman who has preceded me has spoken of the apple market and the great wastage that occurred during the last year. I believe that is true. I also know it to be true that in former years very large quantities of apples were sent to the European market. The war conditions over there now have prevented this. I also know of my own knowledge, although I do not handle apples, that large quantities of apples were placed in storage at a cost to the commission men of anywhere from sixty cents to one dollar per box. A representative of one of the large refrigerating companies told me a few days ago that at the present time there are in storage here in the State of California nearly 600,000 boxes of apples which were being sold at any price they could bring, many of them being exported to England. I was told

a few days ago that they were freely offered in the market as low as forty cents a box, which I think you will all agree does not show the commission man a profit.

In the corporation in which I am interested we strive in every way to handle our business at the lowest legitimate cost, and a cost of five per cent on our sales is the best we can do. We consider it a good year when we can make two per cent net on our sales. In other words, a gross of seven per cent. I tell you, gentlemen, I do not know where the fifty-four per cent comes in, and I have been in this business, as I have told you, for twenty-seven years.

The bulletin issued by the California Development Board in 1914 shows the value of the farm products in this state to be as follows:

Orchard products	\$77,796,120.00
Vineyard products	26,875,000.00
Fresh garden products	9,842,000.00
Dairy and poultry products	53,756,448.00
Combined farm products, barley, wheat, alfalfa, hay, potatoes, onions, etc.	126,518,800.00
The fish industry	10,678,534.00

A grand total of \$305,466,902.00

Inasmuch as statistics show that only 31 7/10 per cent of the state's population live in the country, it seems evident that the producer is getting his share.

I have quoted you these figures to show you the value of agricultural and fish products in this state; and now Assembly Bill 318 proposes that a commission house with a capital of \$25,000 shall be established to handle these goods. It has been said that this was only an experimental station; but, gentlemen, \$25,000 would be a suitable capital for a retail grocery store.

Section 3 says the executive offices shall be in Sacramento. They all must admit that ninety-five per cent of the business must be done in San Francisco, Los Angeles, and San Diego. Think of it, gentlemen. It is proposed to handle highly perishable goods and have the management in Sacramento, leaving the selling and handling to employees down here. I tell you, gentlemen, the insurance business is not the fish business. It is an entirely different matter.

Section 6 provides that goods shall be sold both wholesale and retail. This would necessitate unusual equipment to handle such business; and if such a business were successful, it would be making history, and personally speaking, I do not think it could be done. You cannot serve two masters in a business of our kind. It must be wholesale, or it must be retail.

Section 7 states that adequate fixtures for the proper conduct of the business shall be provided. The fixtures in my firm have cost approximately \$5,000, and are very plain in character. We do not pre-

tend to undertake what this bill provides. I presume that the fixtures will be paid for from the \$25,000 fund. After paying for such fixtures the state commission house would be fortunate if it had left enough to purchase stamps and stationery.

I might also say that I do not see any provision in this bill where \$25,000 is stated as its capital. There is no provision preventing that state commission house from going into debt for any amount. In other words, they might have a deficit at the end of the year of anywhere up to \$100,000 or more.

Section 8 provides that a bureau of correspondence for gathering and disseminating data must be organized. I estimate this item alone will cost \$15,000 per month to maintain.

Section 9 provides that a managing director be appointed to serve four years at a salary of \$5,000 yearly. It has been suggested that this was really an experiment, and, as I understand it, even though it has been tried for a year and found to be unsatisfactory, the salary of the director will still continue for the balance of the term.

Section 10 provides that the annual salary of the secretary shall be \$3,600 yearly or \$300 per month, and the salary of the managing director shall be \$5,000 per year; and I do not believe that any \$25,000 corporation can afford \$700 monthly for two executive officers, to say nothing of the salaries of all the other necessary employees. Such a house would have to conduct its business on an eight-hour basis; and it would not be in a position to compete with other houses that handle it in a different manner, where the employees work ten hours a day.

I have given this matter very serious thought, and I do not hesitate to say that I believe the whole scheme is absolutely impractical, and will result in failure, and bring discredit to the state.

I do not believe, however, that one should criticize unless he can offer something which he believes to be better; and I believe that a reasonable way to handle it would be to appoint two or more state officers who would have power to investigate all complaints, with power to insist on proper restitution being made if a producer was not properly treated by some unscrupulous commission house. This would be of service both to the producer and consumer, and would result in benefiting the members of the San Francisco Wholesale Dairy Products Exchange, and the best class of merchants in this state. The state already has a well equipped office here, that of the State Dairy Bureau, and a few employees added would take care of the situation nicely. I do not believe the great State of California wants to go into the commission business; and if it does some kinds, why not go also into the wholesale jewelry business, and there is a wide field that would provide good business for a great many people. (Applause.)

Discussion by the Meeting

THE PRESIDING OFFICER: There are quite a number here probably who would like to discuss this measure, and I will ask any one who wishes to address himself to this subject to commence the argument.

Remarks by W. V. Stafford

MR. STAFFORD: Mr. Chairman, I generally have a decided opinion. Now I find myself hauling between three. For some years I was a public officer where it was part of the duties of my office to gather the statistics on the cost of living, and necessarily I know something about the prices, and the difference in prices that was charged the consumer. Also for some years I had charge of the notorious fish landings of this city, and incidentally built and operated a free market for the state. For fifteen years I have been a producer; and for over half a century I have been a consumer. I cannot say that I have been thoroughly satisfied in either position. As a consumer—well, I feel very strongly on the fish question. But I imagine Mr. McPherson, when he speaks of the fifty odd per cent that is lost in overhead charges, to the middleman, is taking an average. There is probably a very much smaller percentage in a dozen eggs; and certainly very much higher in a woman's hat.

As a producer I raised poultry for a good many years and shipped eggs into this market. I found that when I shipped eggs at fifty cents a dozen—a price which I criticize severely as a consumer—they cost me somewhere about a dollar. I was doing about as the average poultryman does, and I got my profit at twenty cents. The hens eat all the time and some of them lay in the winter. The fact of the matter is that a generation ago scarcely anybody dreamed of fresh eggs at breakfast in winter time. Today we kick if we don't get them. We used to be a great deal nearer to the producer. I find that if you want to pay the same rental you have to move out further; you have to go into smaller quarters; and you must have that infernal thing, the telephone. And I honestly believe that the elimination of the telephone would do more in the elimination of that fifty-four per cent than any other thing. Now a cabbage and a dozen eggs come up the back stairs with a tap on the kitchen door, and this is all a part of that fifty-four per cent.

I am inclined to think that a great deal of our cost is in our rather exaggerated ideas of what are today the necessities in comparison with our ideas of years ago. I remember when I was Labor Commissioner of this state, some ten years ago, I got interested in the fish business, and I decided that I would endeavor to get some private figures that

could be used by the Legislature and by the state government; and so I sent inquiries asking for quotations for certain varieties of fish on the same day from Alaska to Mexico, and I watched the San Francisco market of that day myself. I can remember some of the instances, and I will only mention those that I am sure I can quote correctly. I paid particular attention to striped bass and halibut and salmon. With halibut—it was at this time which was some ten years ago—on this particular day 15 cents a pound in the San Francisco market. It ran pretty well the same all the way up the coast until I got to British Columbia. Now, halibut is a fish, as you know, that is caught in large quantities; it is caught in waters to the north, but some south of British Columbia, and it is a large fish and should be, I think, reasonably cheap. The quotations, as I say, were 15 cents till I got to British Columbia, and there they were $2\frac{1}{2}$ cents a pound, because boats from the United States were up there interfering with the local market. Striped bass was 25 cents a pound in San Francisco. It was all the way from fifteen to twenty-five along the coast but at Santa Cruz—which I remember particularly because there was an incident in connection with it—they quoted it at twenty cents a pound; and they apologized for the high rate from the fact that there was no catch at all in Monterey bay at that time, and they had imported it from San Francisco, where it was retailed at twenty-five cents a pound. I think probably that the fifty-four per cent is easy to locate in the fish.

Now, for the apples: I had an apple orchard some fifteen years ago and went through all the vicissitudes of the commission men, the warehouse, and everything else that goes with that business, and I remember selling my apples, a very fine quality, in Santa Cruz, shipping them up here and netting thirty-five cents a box. I remember watching the same type of apple in the market here retailing in the late winter at a dollar and a half a box, and I got excited, and I very nearly got a gun to go and hunt the thief. I ran that price down from the thirty-five cents a box at the tree to a dollar and a half that my neighbor paid on Ashbury Heights; and when I allowed for the box, and the packing, and the haul to the depot, and the railroad transportation, and the haul across the city into the commission house, and ten per cent to the commission man, and a sale to somebody who, liking the quality, hauled them out again and took them to a warehouse and picked them over, and carefully reduced the quantity from ten boxes to nine boxes by eliminating everything that was bruised and unsightly, or looked as if it would not stand storage, and repacking them, and putting them into cold storage, and paying for the storage, and taking them out in the late winter, and again reducing the quantity

by those that had failed to keep, that he had overlooked when he had put them away in the fall, and making up the boxes again, and hauling them out, and putting them in the hands of the high-class grocery store, who again delivered them to the retail store, and put them on display and delivered them to my neighbor—I could not locate the thief. (Applause.) And I came to the conclusion that I did about as well as anybody. I do not believe you will regulate all this business with one fell swoop with \$25,000 and a commission, and handle all the stuff that we raise in California.

THE PRESIDING OFFICER: Time is up.

MR. STAFFORD: Well, go after the fish men and let the others go.

Remarks by Edward F. Adams

MR. EDWARD F. ADAMS: I do not know whether I can talk to much purpose, in five minutes. I have got some ideas in my head, but I will talk about one that does not prove anything. It happens that I am one of the poor struggling farmers and constituents of Mr. McPherson, whom I happened to meet one day last summer rustling for votes, when he looked more worried than he does now.

That there are abuses in the fruit trade there is no question. Here is an incident that happened to come within my knowledge two years ago. The whole bunch of suffering farmers up on the mountain, of which Mr. McPherson spoke, sold some egg plums that we had to a commission merchant here in the city. We all sold at twenty dollars a ton. It turned out that there were not so many egg plums that year as they supposed and egg plums went up. We had sold at twenty dollars; they were worth more. There was a buyer who lives up there who bought the plums for the commission merchant. Somebody else hired him to go around among the same bunch of us and offer a higher price. The deal did not go through at my farm, but I think \$25 and perhaps \$27.50 was the price, if we would pick out the big ones that would do to ship east. Then we could send the culls down to the commission merchant. That the deal did not go on my farm was not due to me, for I knew nothing about it. My foreman is a good deal honest man than I am. He goes to church and is straight as a string. When the man came around, he said, "Get thee behind me, Satan. I have sold these plums and the buyer is going to have them as they are." When I was up there later he told me about it. Pretty soon the stuff began to come in and I went over to see it, and the upshot of it was that my foreman seemed to be the only honest farmer there in the Santa Cruz mountains, though it did not cost him anything because it was not his fruit, because every egg plum that came down

from other farms was about the size of my thumb; but all the neighbors were cursing that commission merchant for weeks because he did not remit.

That is one side of our community that our representative in the Legislature did not dilate upon, probably did not know about, but it was precisely as I tell you, and it was not an unusual experience for commission men in this or any other city. This is simply to illustrate that there are abuses, and it strikes me that in as dignified and useful a body as Mr. McPherson says we are—we are not all here to-night; there are about twelve hundred of us all told—we ought first to locate the abuse.

Personally I do not believe any food products fit to eat have been dumped in this bay. I have seen it in the papers, but I do not believe it. I simply do not believe the story. I think before this Club should act upon such matters and express its opinion, we should know whether or not such things are true, and to what extent they are true, and whether or not they are remediable, and what is the best way to get at it.

There is this trouble, however, about a State Commission Market. Years ago we used to sell our goods almost entirely upon commission. At that time we got enthusiastic and I spent three years in co-operative work, and we built up quite an institution down at San José. We charged five per cent for handling the goods, just as the commission men did, and it cost us about four per cent the first year. The difference in the cost of selling goods, of fruit particularly, varies greatly. When the crop is short, it costs hardly anything, and the commission men make a lot of money because the buyers come to them. When there is such a crop of apples or prunes as there is some years, it is hard to sell at all. But as a result of co-operative movements which occurred some twenty years ago the commission men quit. I do not know any of our neighbors up there where I have a little farm and raise a little fruit—I do not know of anybody—that sells fruit on commission, or would sell that way if we had a state commissioner. I would not if I could get cash, except the culls that we send down here to feed the people of San Francisco, and if we do not get a good price for those we kick. Our main crops we sell for cash. There is this to say, too: I do not think the commission men are any different from the rest of mankind. Some of us are pretty straight, and some more like myself. You cannot tell about us. But my observation is, when I have shipped—I always had good foremen up there—I never had a “weigh back” when I shipped fresh fruit, or any trouble when I shipped dried fruit; not a bit ever, or hardly ever. One year prunes

went down and the buyer reniged. It cost that firm a lot of money, and it won't try it again with the same people; in fact, they won't sell to that firm. These stories about the misuse of farmers, and the refusal of the commission men to pay for what they had, we ought to investigate in the light of what I have said—how much is true and how much is false—before we go into the State Commission Market plan. (Applause.)

MR. HAVEN: If this is worth investigating, isn't it worth while having the state investigate it?

MR. ADAMS: Not for us; we can act upon our own investigation.

THE PRESIDING OFFICER: Any one else wish to speak upon this subject? If not, I will ask Mr. McPherson to close the discussion on this act.

Remarks by W. V. Stafford

MR. STAFFORD: From my experience as a superintendent of a state free market, to which we gave free rent and gave other such facilities, and had the newspapers, especially the "Chronicle"—whose pet measure it was at that time—behind us, the farmers had extraordinary facilities for placing their stuff so that everything that came into the market was very quickly sold. They got wise to that fact, and sent their rubbish to the State Free Market and the first-class stuff to the commission men.

MR. ADAMS: I sent nine dollars' worth of stuff there and never got the money for it.

Remarks by H. E. McPherson

MR. MCPHERSON: To answer a few points: Establishing the office in Sacramento is simply due to the fact that the office of all commissions is in Sacramento as a perfunctory legal requirement; and there need be only the stenographer there to send out the bulletins prepared by the market commissioner. These would be issued from the State Printing Office, which is located in Sacramento. There is nothing at all in the act to prevent the commissioner from making his business headquarters elsewhere than in Sacramento.

The idea of giving the State Commission Market only \$25,000 is that each market in time will return to the Commissioner the amount of investment in it by becoming self-supporting. This \$25,000, therefore, would be a revolving fund to be used in the establishment of new markets. The \$5,000 salary of the Commissioner is to be paid by the state, and it is thought by reason of the information he is expected to give that the state is warranted in paying that figure.

In regard to a possible deficit, we often have the same thing in our United States Postoffice. But we feel that the deficit in the post-office is not really a deficit to the people, for the people are both the consumers and the producers. The same way with a deficit in the State Commission Market. Of course, the effort would be always to avoid such an occurrence, but if there should happen to be a deficit, it would not be as though it was an entire loss, because as producers and consumers the people would get all the returns.

The speaker here suggested that some legislation might be of benefit by securing state inspection of private commission houses. That may be a good idea, and I think that we will have to get together and see if we cannot introduce a bill to cover the very point that he has in mind.

Remarks by C. M. Belshaw

MR. BELSHAW: How do you propose that this State Commissioner is going to determine the price of all products daily?

MR. MCPHERSON: By auction.

MR. BELSHAW: Just the same as the commission merchants do now?

MR. MCPHERSON: Well, many commission men buy the goods outright, and there is no better method of supply and demand setting the price. That is the way the Edam cheese market settles the price in Holland.

MR. BELSHAW: But there are several large cities in the State of California where they have market quotations. I suppose the commissioner would be in only one city at one time.

MR. MCPHERSON: He might start only in one city, and as there was a demand, markets would be opened in other cities and special commissioners appointed, and the market price would be settled there by auction.

MR. BELSHAW: If the State Commissioner did no business would his salary continue?

MR. MCPHERSON: The bill states that the commissioner can be removed at any time by the Governor. He is appointed for four years or until his place is declared vacant by the Governor.

THE PRESIDING OFFICER: The speaker for the negative has asked for a few minutes more. With your consent we will give him that much time.

Remarks by Charles W. Camm

MR. CAMM: Co-operation in the distribution of food products has already been tried here. I recollect as a boy the Grangers' Business

Association started, and it was their intention to market a great many farm products. It resulted in failure. Next came the Dairymen's Union, and they started with \$110,000 capital, but the weak point was the fact that they could not get a man that understood the business. Then the different producers in Sonoma County organized, and at one time it appeared that they had all the eggs, and they came down here to market and it was the most disastrous failure. These are three different occasions, and I believe the State commission men would have the same result. They could not avoid it.

At the close of the meeting the subject was referred to the Club's Committee on Agriculture for further consideration.

TRANSACTIONS OF THE COMMONWEALTH CLUB OF CALIFORNIA

A full list of the published Transactions of the Commonwealth Club of California will be found in the Progress Report for 1913, pages 607, 608. A few numbers of Vols. II, III, IV and V are still available. Also the following, which may be had by members at cost :

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- No. 1. The Red Plague, May, 1911. Pp. 83.
- No. 2. Employers' Liability and Woman's Suffrage, June, 1911. Pp. 68.
- No. 3. The Recall Amendment, July, 1911. Pp. 84.
- No. 4. The Railroad Commission Amendments, August, 1911. Pp. 44.
- No. 5. Direct Legislation, September, 1911. Pp. 68.
- No. 6. The City Charters Amendments, October, 1911. Pp. 55.
- No. 7. State Aid to Agriculture, November, 1911. Pp. 107.
- No. 8. Marketing Irrigation Bonds, December, 1911. Pp. 69.
- No. 9. Progress Report for 1911, January, 1912. Pp. 82.

Volume VII

- No. 1. Control of San Francisco Harbor, March, 1912. Pp. 68.
- No. 2. Conservation, June, 1912. Pp. 246.
- No. 3. State Text Books, August, 1912. Pp. 60.
- No. 4. Home Rule in Taxation, October, 1912. Pp. 86.
- No. 5. Workmen's Compensation-Employers' Liability, November, 1912. Pp. 54.
- No. 6. State vs. Local Control of Harbors, December, 1912. Pp. 40.
- No. 7. Progress Report for 1912, January, 1913. Pp. 87.

Volume VIII

- No. 1. Judicial Procedure, February, 1913. Pp. 53.
- No. 2. The Water and Forest Bills, March, 1913. Pp. 48.
- No. 3. The Industrial Accidents Bill, April, 1913. Pp. 53.
- No. 4. Immigration, May, 1913. Pp. 25.
- No. 5. Public Recreation, June, 1913. Pp. 129.
- No. 6. Sources of California History, July, 1913. Pp. 19.
- No. 7. Red Plague—2nd Report, August, 1913. Pp. 100.
- No. 8. Land Transfers, September, 1913. Pp. 45.
- No. 9. Smoke Problems of California, September, 1913. Pp. 44.
- No. 10. Address by Hon. Franklin K. Lane, October, 1913. Pp. 9.
- No. 11. Internal Waterways, November, 1913. Pp. 70.
- No. 12. Progress Report for 1913, January, 1914. Pp. ...

Volume IX

- No. 1. Bay Cities Water Supply, February, 1914. Pp. 96.
- No. 2. Federal vs. State Control, March, 1914. Pp. 62.
- No. 3. The High Cost of Living, April, 1914. Pp. 70.
- No. 4. Taxation Amendments of 1914, May, 1914. Pp. 75.
- No. 5. Selection of Judges, June, 1914. Pp. 46.
- No. 6. Powers of Cities, July, 1914. Pp. 66.
- No. 7. The Eight Hour Law, August, 1914. Pp. 51.
- No. 8. The Red Light Abatement Law, September, 1914. Pp. 35.
- No. 9. California's Constitution, September, 1914. Pp. 43.
- No. 10. Industrial Relations, October, 1914. Pp. 31.
- No. 11. The Water Commission Act and Other Measures, October, 1914. Pp. 26.
- No. 12. Vocational Education, November, 1914. Pp. 54.
- No. 13. Unemployment, December, 1914. Pp. 44.
- No. 14. Progress Report for 1914, January, 1915. Pp. 61.

Volume X

- No. 1. Rural Credits, January, 1915. Pp. 91.
- No. 2. The State's Delinquents, March, 1915. Pp. 55.
- No. 3. Appointment of Judges, April, 1915. Pp. 31.

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